

Message Text

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PAGE 01 ABU DH 01811 191048Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
-----004428 191049Z /13
R 190905Z JUN 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 6239
INFO USDOC WASHDC

LIMITED OFFICIAL USE ABU DHABI 1811

E.O. 11652: N/A
TAGS : BEXP, EIND, TC
SUBJECT : ABU DHABI STEEL COMPLEX

REF: (A) ABU DHABI 885, (B) 76 ABU DHABI 561

1. EMBASSY HAS LEARNED FROM SOURCE IN ABU DHABI DEPT. OF PETROLEUM AND INDUSTRY (DPI) THAT NEGOTIATIONS WITH KOBE (JAPAN), FERROSTAHL, AND KRUPP (BOTH GERMANY) TO BUILD SPONGE IRON PLANT AND STEEL ROLLING MILL HAVE PROVED "FRUITLESS". DPI INSISTENCE THAT FOREIGN PARTNER TAKE 30 PERCENT EQUITY SHARE AND AGREE TO MARKET ENTIRE PLANT OUTPUT APPARENTLY PROVED AS UNPALATABLE TO THE JAPANESE AND GERMANS AS IT PREVIOUSLY HAD TO THE INDIANS AND UNITED STATES STEEL.

2. DPI IS NOW DOING "CAREFUL MARKET SURVEY" AND "RE-EVALUATING ITS CALCULATIONS" PRIOR TO DECIDING WHAT NEXT MOVE SHOULD BE. INDIAN FEASIBILITY STUDY COMPLETED OVER YEAR AGO INDICATED THAT WITH INTERNAL RATE OF RETURN AT 11 PERCENT, PAYBACK PERIOD OF OVER SEVEN YEARS, AND BREAK-EVEN CAPACITY AT 90 PERCENT, STEEL COMPLEX WAS MARGINAL INVESTMENT AT BEST, AND IT NOT SURPRISING THAT DPI IS HAVING TROUBLE SELLING IDEA. UNLESS ADG IS WILLING TO ASSUME ALL THE FINANCIAL RISK ON THIS PROJECT WE SEE LITTLE HOPE OF ITS GOING FORWARD. GIVEN NUMBER OF MORE ATTRACTIVE INVEST-

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MENT OPPORTUNITIES AVAILABLE TO ADG IT IS NOT LIKELY THAT ABU DHABI WILL WANT TO GO IT ALONE ON STEEL COMPLEX UNLESS SHAIKH ZAYID DECIDES THAT THE PRESTIGE OF HAVING STEEL MILL OUTWEIGHS THE POTENTIAL ECONOMIC LOSS.
DICKMAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ABUDH01811
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770219-0003
Format: TEL
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770642/aaaabkii.tel
Line Count: 60
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: da63827a-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ABU DHABI 885, 76 ABU DHABI 561
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2102141
Secure: OPEN
Status: NATIVE
Subject: ABU DHABI STEEL COMPLEX
TAGS: BEXP, EIND, TC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/da63827a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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